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# How the Fayette R. Plumb Company Gets Production

By JOHN M. WILLIAMS  
Fayette R. Plumb Company, Philadelphia

WE believe that one of the reasons for the loss in production is lack of knowledge on the part of factory organizations and we believe that this is due to the lack of coöperation on the part of the executives. Executives, as a general proposition, preach loyalty and coöperation but do not always give it. They usually have a line of demarcation between the executive and the factory organization, and sometimes I wonder whether or not the factory worker is puzzled to know what is on the executive's mind. Whether an action on the part of the executive is for the betterment of or to the detriment of the factory organization, it is usually given in a more or less mandatory manner without any particular attempt to explain why the action was taken. This, to my mind, is the reason for so much suspicion and distrust on the part of the average factory worker. If we were training anyone in the executive organization—from an office boy up—we would feel that it was necessary to explain to him what his duties were; to overlook his many errors and assist him in every way possible. When it comes to the factory, particularly in the minor executive positions such as foremen, very little is done either with advice or training, and yet we expect them to make good. We have believed that it is much better to go to the other extreme and take our factory organization into our confidence, making them feel that they are a real part of a real organization. In this paper, I must ask you to take a great many things for granted; I simply point out

the high spots which show what we try to do.

## PLAN OF NATIONAL ADVERTISING

Shortly after the armistice was signed it became necessary for us to rehabilitate ourselves in the minds of our customers because we had been so largely on war work. After careful consideration we decided to embark on a plan of national advertising. This in itself represented such a tremendous amount of money that we believed it was necessary for us to explain to our factory organization why we took the step. We wanted them to realize that we did it for the benefit of the entire organization and did it to stabilize the demand for our tools so that we would be able to give them steady work in good times and bad. To accomplish this we called a meeting of forty-seven foremen, assistant foremen and inspectors in the plant, explaining to them thoroughly what we did and why we did it. If we had not done this we are sure that the men in the factory would have looked upon this outlay of money as a tremendous waste and would have said that it would have been much better if it had been placed in their pay envelopes. By the method we adopted, however, they were with us from start to finish. We sell the idea to them each month by posting in each department the proofs of the advertisements we are using.

Later on we commenced to get some complaints as to our tools. This was at a period when everybody said it was impossible to say anything to a work-

man because if you did he would quit. We knew that something had to be said, so instead of simply starting through the factory and giving a line of criticism which would not only necessarily be extremely harsh, but would also undoubtedly cause trouble, we decided to call a meeting of our factory executives and they gave me what we called the Salesmanager's Night. I was able to point out to them by letters received from various customers, by complaints of our salesmen how important it was that the goods we sold be as advertised, because unless we kept up our standard, the money we were spending would be thrown away and we as a factory would go backward instead of forward and thus jeopardize all our positions. We pointed out that the only way we could get results was through them, and without their coöperation we were helpless. It is no exaggeration to state that the next day our inspection stiffened 50 per cent with no trouble to anyone.

#### OVERHEAD EXPENSE

Another item on which there has always been a great deal of misunderstanding is overhead expense. I remember when I was a little fellow, one of the first jobs I had was cutting files, and being quite young, I was not received with any great enthusiasm by the men in the department. I can remember that I had not worked over three or four days when a committee of one came to my machine and told me that if I did over 40 dozen a day he would break my neck. It is needless to say that I did not do over 40 dozen a day.

Looking back on this situation I realize that the men were right in their attitude. In other words, the executives of that organization did not know enough about factory conditions to realize that one way to decrease

unit cost was to increase wages by increased production. The old idea was to watch the payroll and when men seemed to be making over what the executives called a decent day's pay, wages were cut. This is, of course, a fallacy that has been exploded by greater knowledge among factory accountants, but even today it is questionable whether the average executive really knows what overhead expense is. Workmen in the shop do not; they usually visualize it as the white collar brigade and the officers who ride in automobiles. There is something fundamental about factory expense in relation to production and it seemed to us necessary that we show our factory organization what the connection really was.

We had large blue prints worked up which are placed in each department. On these blue prints we show how the money received from the sale of tools is distributed and how the profits increase as production increases. We show what material covers and then we show what running expenses really are, listing thirty-five items running from shipping cases and emery wheels to coal, heat and light,—all items which the workmen can readily visualize. We show bags containing money and have them graded for a production of tools per day as follows: 3,000, 6,000, 9,000, 12,000. On the 3,000 tools per day we show that 50 cents out of each dollar goes for expenses and to pay wages we must borrow  $16\frac{2}{3}$  cents. On 6,000, expenses are cut to  $33\frac{1}{3}$  cents and we are able to pay  $33\frac{1}{3}$  cents for wages, but have no profits. On 9,000 expenses are cut to  $27\frac{2}{3}$  cents and we have 39 cents out of every dollar for wages and profits. At 12,000 expenses are cut to 25 cents and we have  $41\frac{2}{3}$  cents out of every dollar for wages and profits. We show the bags leaking out dollars. We have these leaks marked—"lost

time," "break-downs," "spoiled work," "work done over," "broken handles," "accidents to machinery," "loafing of expense workers." We have a memorandum reading that "whatever leaks out through the holes leaves that much less for the good workman," and another reading "He who loafers robs us both." They tell us that the average workman cannot understand figures of this character, particularly where there is a large percentage of foreign employees. I do not know whether this is true, but I do know that no matter how much a foreigner a man is he can tell the first week he works for you whether he is 10 cents short in his pay. It might be telepathy, but they seem to get the message. As a matter of fact, we believe that our men understand this blue print because loafing is not a popular indoor sport in our factory.

#### SHORTER HOURS

Take the question of shorter hours. We became thoroughly convinced during the war that from the results given to us by Great Britain that there was such a thing as fatigue and we finally considered reducing our working hours to see if we could do something to eliminate absenteeism and to decrease our labor turnover. Here again we did not approach it with an attitude of simply posting a notice, but we sold the idea to our workmen. We told them that we did believe there was such a thing as fatigue and that if they worked shorter hours and had a greater rest period they could do as much work in a short time as they did in the longer time. At that time we were working  $57\frac{1}{2}$  hours a week and we cut our working time to  $52\frac{1}{2}$  hours a week. The response was immediate. Results achieved were so satisfactory that we felt we had not gone far enough and we eventually cut our working time to  $47\frac{1}{2}$  hours a week, and as I will show

later, with beneficial effects. The point we wish to emphasize here is that it was not something given to our workmen because we felt that it was necessary to do it, nor was it something that was wrested from us by virtue of their power and demand, but it was a pure application of co-operation and the message was given to them plainly and, we think, fully understood.

Do not think for one minute that all of the things we found in the way of education pertained exclusively to the factory organization. We in the executive organization learned a great many things. One outstanding fact brought to our attention had a great bearing on our selling proposition. We found by analysis that we were not getting sufficient production from our equipment and this led to an analysis of our sales, item by item, and led to a shortening of our line in order that we could give our men longer runs without so many changes. We found that our workmen, while apparently getting good money in so far as rates were concerned, were actually not satisfied because of the lost time due to frequent changes. We cut out of our line 1,300 kinds, item and sizes and this has had a great effect on increasing our production, and at the same time decreasing the expenses of dealers handling our line because they have so few unsalable items which tie up their money.

#### EMPLOYEES' REPRESENTATIVE COMMITTEE

Further than this, we have an Employees' Representative Committee which is not hand picked, but is actually selected by the workmen in the shop who have become thoroughly convinced that we mean what we say; that we do consider each of us a part of an organization and that we are trying to give everybody a square deal. The members of this committee have handled many questions, but recently

one of the hardest questions to solve came before them. We found that as is common in an organization of our kind, while piece workers and bonus workers were able by virtue of our working conditions and improved facilities to increase their earning power commensurate with the cost of living, the burden fell to a great extent upon day workers who had no method of increasing wages such as piece workers have with additional effort. We decided due to this cause and to the fact that competitive conditions generally made it necessary for us to do something to hold our force, to raise the rates of our day workers. We did this after considerable thought, through our Employees' Representative Committee, and then circularized the findings of the committee throughout the entire factory. We knew that there might be some reaction from this because it is human nature to reach out for what you think you can get. The reaction came the next week with a demand from one of our highest paid departments for a 10 per cent flat increase in both day rates and in piece rates. We felt sure that this demand was simply made because the opportunity had presented itself and we felt that the demand was not just. This seemed to us, however, to give us an opportunity to test our Employees' Representative Committee and see whether or not it was valuable from the standpoint of fair play, and we called a meeting and turned the request over to them. It was indicative, however, of the feeling throughout the plant that the demand came through the department delegate rather than being made to headquarters with a flat ultimatum as it had been in the past. The Representatives' Committee appointed a committee of three who called upon every workman in the department, and then made a report to the entire committee. They found that there were

quite a few discrepancies throughout the department and they were prepared to bring these up before the committee. Before doing it they took a vote on whether the demand for the 10 per cent increase was justified or not. The vote was 23 to 1 against granting it. Here again came a further test of it as we had foreseen. Would the men in the department abide by the decision of the Employees' Representative Committee? Suffice it to say that the findings of the committee including this vote were posted throughout the factory and not a man in the entire department quit, proving conclusively that as long as they know they are treated fairly they will treat fairly in return.

#### FRATERNALISM VERSUS PATERNALISM

The question of course is whether what we have done and are doing has any effect on production, and the answer is this: While practically everyone engaged in lines of steel manufacture states that they are getting from 80 to 85 per cent full production, we have reduced our working time 17.4 per cent and have increased our production per man per day  $14\frac{1}{2}$  per cent. As you will note, many factors have contributed to this, but we believe that the most important one is the fact that we have no line of demarcation; that we are all employees working for a common organization to a common end, each of us with a stake in the same pot. The men in the factory are working with us and not for us. We believe that any slight difference in environment, opportunity or education makes no material difference in the human element that is governing the actions of each of us. While we do not believe it is a universal panacea, we do believe that the substitution of fraternalism for paternalism will help solve a great many of the problems which confront us.